

BEFORE THE
FEDERAL COMMUNICATIONS COMMISSION
WASHINGTON, D.C. 20554

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In the Matter of)

MCI TELECOMMUNICATIONS)
CORPORATION)

RM-9108

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Billing and Collection Services)
Provided by Local Exchange)
Carriers for Non-Subscribed)
Interexchange Services)

REPLY COMMENTS OF
THE SOUTHERN NEW ENGLAND TELEPHONE COMPANY

The Southern New England Telephone Company (SNET), hereby files its Reply to the comments filed on July 25, 1997, addressing issues raised in the Petition for Rulemaking filed by MCI Telecommunications Corporation (MCI) on May 19, 1997, in the above-captioned proceeding.¹

SNET supports those commentors² that oppose MCI's Petition for Rulemaking on the basis that billing and collection issues have been previously addressed and resolved by the Commission in other proceedings.³ SNET continues to recommend that the Commission reaffirm its decision that billing and collection is a "financial and administrative service;" therefore, billing and

¹ Public Notice released June 25, 1997, DA 97-1328, Rulemaking No. 9108.

² Ameritech, BellSouth, Bell Atlantic/NYNEX, Cincinnati Bell Telephone, SNET, SBC.

³ See Report and Order, Billing and Collection Services, (Detariffing Order), released January 29, 1986, FCC 86-31 (CC Docket No. 85-88; Second Report and Order, Local Exchange Carrier Validation and Billing Information for Joint Use Calling Cards, (BNA Order), released June 9, 1993, FCC 93-254, CC Docket No. 91-115.

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collection services should continue to be provided to carriers through contractual agreements. LECs, in turn, must be allowed to recover their costs associated with these services for work performed on behalf of the interexchange carriers.

I. Introduction

As demonstrated in the various parties' comments, including SNET's, the issues regarding billing and collection have been previously addressed and resolved by the Commission. No new evidence has been presented by MCI that would justify revisiting these issues.

IXCs currently provide billing and collection services for their presubscribed customers. The same services can be provided for their casual billed customers as well. IXCs must fulfill to their obligation to provide service to all their customers and accept the associated cost of incurring uncollectible charges for what they are - a fact of doing business. LECs must not be required to bill and collect for IXCs' casual billing simply because it may be less costly for the IXCs.

II. The Commission Should Consider Billing and Collection Services In Its Totality.

SNET agrees with commentators who argue that the Commission should continue to consider billing and collection services as a total carrier service. MCI is requesting that the Commission separate billing and collection into two distinct classes of service; that of presubscribed services, and that of non-subscribed services. No separate distinction of these billing services exists today, nor is there reason to make such a distinction. These services have been provided by the LECs under contractual agreements since detariffing in 1986 and nothing has been presented by MCI to justify changing this practice.

If disputes arise concerning rates, terms or conditions included in these agreements, these issues should be addressed between contractual parties for appropriate resolution. The Commission need not and should not be involved in the resolution of negotiated carrier-to-carrier issues.

III. IXCs Must Not Be Allowed to Pick and Choose the Most Cost Effective Customers and Services and Disregard Those That are Less Profitable.

The comments demonstrate that MCI and other IXCs want to provide billing and collection service only to their choice revenue-generating presubscribed customers, while requiring the LECs to bill and collect for the casual billed customers with a penchant for unbillable and uncollectible charges, and also for IXCs' lower volume, and higher risk presubscribed customers.

In essence, the IXC's want to "cherry pick" the more profitable presubscribed customers to bill and collect themselves as many of the IXC's have already done, while transferring the generally unprofitable customers onto the LECs for billing and collection. IXC's simply want to rid themselves of these collection problems and transfer them onto the LEC knowing full well that these customers require more cost-intensive attention for collection.

Casual billing is a function and cost of doing business, exactly the same as presubscribed billing and collection. If IXC's actively market their services, they must also be prepared to bill and collect for them.

IV. IXC's Are Provided With the Information They Need to Bill and Collect for Their Own Services.

SNET and other commentators have indicated that the IXC's have the necessary billing name and address (BNA) information available to perform their own billing and collection services. They have properly pointed out that the BNA Order released in 1991 obligates LECs to provide the information needed by the IXC's to bill and collect for their services. MCI and the other IXC commentators have produced no evidence that LECs have failed to meet this obligation. IXC's can bill and collect for themselves. Under these circumstances, Commission action in this area is unwarranted.

V. LECs Have an Obligation to Their Customers to Respond to Customer Complaints Regarding Casual Services.

SNET disagrees with certain commentators⁴ who claim that LECs impose onerous conditions on clearinghouses and IXCs in their administration of the billing and collection process.⁵ LECs have an obligation to their customers, as well as their respective regulatory bodies, to respond to customer complaints regarding services billed by other carriers.

Many services billed on a casual basis also include services that generate the largest number of customer complaints (700 and 900 number calls; pay-per-call services, such as horoscope, chat lines and adult services; and presubscription calls). The LEC is generally the initial point of contact for customer inquiries or complaints regarding casual billed charges on the customer's bill. If a particular carrier or program offered by a carrier causes an influx of customer complaints, the LEC has an obligation to resolve the issues involved in these complaints. Resolution of these issues may include further carrier negotiation and possible changes to the carrier agreements, or, if an equitable resolution cannot be reached, termination of the program.

This action cannot be construed as imposing "onerous conditions" as indicated in the Joint Comments of OAN and

⁴ OAN Services, Inc. (OAN) and Integretel, Incorporated (Integretel), Joint Comments, p. 7, para. 2.

⁵ OAN and Integretel, Joint Comments, p. 7, para. 2.

Integretel.⁶ Rather, this is a necessary service to ensure that customers are protected from false or deceptive programming. Pilgrim Telephone, Inc. comments that LECs seek "extraneous details of the casual access provider's service, including advertisements, service descriptions, and disclosure of proprietary information such as detailed provisioning information."⁷ SNET agrees that detailed information is needed about a particular service in order to respond to customer complaints. The LEC must obtain a better understanding of the provisioning of that service to appropriately respond to a customer's inquiry about a charge on his or her bill.

Customer complaints can, and usually do, escalate to the state commissions, consumer protection agencies, both federal and state, and ultimately to the Consumer Protection Branch of the Commission. Generally, the issues regarding program content or complaint resolution can be resolved through negotiation between the carriers. If these issues cannot be resolved, the LEC has a right to make a business decision to cancel a program that has caused a high degree of customer complaints.⁸ A LEC's decision not to bill and collect for a problematic program does not restrict the carrier from continuing to provide the programming; it merely requires the carrier to bill and collect

⁶ OAN and Integretel, Joint Comments, p. 7, para. 2.

⁷ Pilgrim Telephone, Inc., p. 8, para. 1.

⁸ Memorandum Opinion and Order, Audio Communications, Inc., Petition for a Declaratory Ruling that the 900 Service Guidelines of US Sprint Communications Co. Violate Sections 201(a) and 202(a) of the Communications Act, released December 20, 1993, 8 FCC Rcd No. 26, p. 8702, para. 34.

for its own service. If complaint issues cannot be resolved through carrier negotiation, LECs must be allowed to retain the flexibility to make their own business decisions whether to discontinue billing and collections for such a program.

VI. Costs for Casual Billing Have Increased and LECs Must Be Allowed to Recover Their Costs

As SNET stated in its Comments, there has been an increase in casual billing within the last year. The IXC's have increasingly utilized the LEC's billing and collection services as a cost-saving measure. Through customer inquiries, SNET has learned that IXC's are billing more and more of their low-volume presubscribed customer's charges to the LEC bills as casual billing simply because it is more cost effective to do so. Indeed, Consolidated Communications acknowledges this fact, stating "IXC's would not be able to perform their own billing and collection functions economically if their end users on average make only low to moderate use of presubscribed interexchange services."⁹ This billing practice has shifted more responsibility onto the LEC's for responding to IXC's customers inquiries and complaints, resulting in additional costs for work performed on behalf of the IXC. LEC's must have the ability to recover their added costs for providing these additional services to the IXC's.

⁹ Comments of Consolidated Communications, p. 7, para. 1.

VII. Conclusion

The comments of SENT and others demonstrate that the Commission has previously addressed and resolved issues affecting billing and collection services. Moreover, they show that IXCs have access to the necessary information to bill and collect for their own services. MCI's Petition, therefore, should be denied.

LECs, when providing billing and collection services through contractual arrangements with IXCs, should be allowed to recover the full cost for the service they provide for the work that is done on the IXCs' behalf.

Respectfully submitted,

THE SOUTHERN NEW ENGLAND
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August 14, 1997

CERTIFICATE OF SERVICE


I, Melanie Abbott, hereby certify that a copy of the foregoing Reply Comments of The Southern New England Telephone Company, RM-9108, Billing and Collection Services, were hand-carried on this the 14th day of August, 1997, to those listed below.

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